

December 12, 2019

The Honorable Frank Pallone, Jr. Chairman House Committee on Energy and Commerce U.S. House of Representatives 2125 Rayburn House Office Building Washington, D.C. 20515

The Honorable Diana DeGette Chair Subcommittee on Oversight and Investigations U.S. House of Representatives 2125 Rayburn House Office Building Washington, D.C. 20515

The Honorable Jan Schakowsky
Chair
Subcommittee on Consumer Protection and
Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Re: Response to November 21, 2019 Letter

The Honorable Greg Walden Ranking Member House Committee on Energy and Commerce U.S. House of Representatives 2322 Rayburn House Office Building Washington, D.C. 20515

The Honorable Brett Guthrie Ranking Member Subcommittee on Oversight and Investigations U.S. House of Representatives 2322 Rayburn House Office Building Washington, D.C. 20515

The Honorable Cathy McMorris Rodgers Ranking Member Subcommittee on Consumer Protection and Commerce U.S. House of Representatives 2322 Rayburn House Office Building Washington, D.C. 20515

Dear Chairman Pallone, Ranking Member Walden, Chair DeGette, Ranking Member Guthrie, Chair Schakowsky, and Ranking Member McMorris Rodgers:

Anschutz Entertainment Group, Inc. ("AEG") is submitting this initial response to your letter dated November 21, 2019 (the "Committee Letter") addressed to Dan Beckerman, President and CEO of AEG. AEG understands the Committee is concerned about potentially unfair and deceptive practices occurring in the ticketing industry. AEG shares such concerns, and welcomes the opportunity to both respond to your requests for information and provide you with information regarding AEG's efforts to combat such practices.

Headquartered in Los Angeles, California, AEG is a leading sports and live entertainment company. AEG is a privately-held company that operates, domestically and internationally, across a number of segments within the sports and live entertainment industry, including:

• AEG Real Estate, which owns and develops world-class venues, including major sports venues, theaters, and entertainment districts like STAPLES Center, Microsoft Theatre, and L.A. LIVE;

- *AEG Sports*, which owns and operates the Los Angeles Kings of the National Hockey League (NHL), the Los Angeles Galaxy of Major League Soccer (MLS), and other professional sports franchises and high-profile sporting events;
- AEG Presents, which is dedicated to all aspects of live music performances, including producing and promoting global and regional concert tours, music and special events, and world-renowned festivals; and
- AXS, which is a global ticketing platform, offering best-in-class ticketing technology in a single platform to suit every client size and type, from small music clubs to the largest sports stadiums.

AEG also has a non-controlling ownership interest in ASM Global, which is the world's leading venue management and services company and operates, in part, under the brand AEG Facilities. Through its worldwide network of venues, portfolio of powerful sports and music brands and its integrated entertainment districts, AEG entertains more than 100 million guests annually.

AXS is a wholly-owned subsidiary of AEG. AXS provides ticketing technology, systems, and services for both primary and resale ticket marketplaces, and is the ticketing partner for over 300 premier venues, sports teams, and event organizers around the world, including AEG, The O2, STAPLES Center, T-Mobile Arena, Sprint Center, Tele2Arena, Red Rocks Amphitheatre, the Cleveland Cavaliers, Toyota Center, the Houston Rockets, NCAA Final Four, and the Las Vegas Golden Knights.

AXS does not own any tickets that it sells, rather AXS acts in an agency capacity for its clients that sell such live event tickets to their fans. The goal of AXS clients (and therefore AXS) is to get tickets into the hands of real fans at prices that are not inflated by brokers or other third parties uninvested in the event or the fan experience.

While AXS has numerous third-party clients, AEG and its related companies are also clients of AXS. For example, AXS provides ticketing services for a number of venues that are owned or managed by AEG Real Estate, AEG Presents, or ASM Global. In addition, AXS provides ticketing services for live music and other events that are promoted by AEG Presents and for certain professional sports teams and other sports events that are owned by AEG Sports.

Regarding the requests for information and documents contained in the Committee Letter, AEG is working to gather responsive information as quickly as possible. Set forth below are responses to a portion of the requests that AEG has obtained to date. As discussed with Committee staff on December 5th, AEG will be providing additional responses on a rolling basis. The responses below relate to AXS's domestic primary and resale ticketing services business in the United States, on an aggregated basis unless specifically provided otherwise below. For convenience, AEG has copied the full text of each Question in the Committee Letter and has inserted AEG's response below each Question.

Question 4. At what point during the purchase process does your company make the consumer aware of the type and amount of ancillary fees charged?

<u>Response</u>: The type and amount of ancillary fees charged to consumers are disclosed by AXS when the tickets are selected (i.e., put into a "shopping cart") for purchase. After a consumer selects a seat they would like for a show, the consumer proceeds to a price confirmation page. On that price confirmation page, the all-inclusive cost of the ticket is listed, along with a breakdown of all components of the price (e.g., face value of the ticket, fees, and any taxes). This information is available whether consumers are purchasing via the internet, mobile web, or a

mobile application. Examples as to primary market and resale tickets ticket fee disclosures are included in the Appendix to Response to Question 4, attached hereto.

Question 4 a. Where and how is this information communicated to consumers?

<u>Response</u>: Please refer to Response to Question 4, above, and the Appendix to Response to Question 4, attached hereto.

Question 4 b. Since January 1, 2016, has any federal, state, or local entity or individual taken legal action against your company regarding the lack of "all-in" pricing? If so, please provide a list of such actions, the claim alleged in each action, and, if applicable, the results of any such action.

Response: No, AEG and AXS are not aware of any such action.

Question 5. Regarding ticket refunds, in what instances does your company provide consumers with a refund for the total cost of the ticket, including any ancillary fees?

<u>Response</u>: AXS provides ticket refunds for the total cost of the ticket, including any ancillary fees, when an event is cancelled, for both primary and resale market tickets.

Question 5 a. Does your company provide consumers with a refund for the total cost of speculative tickets?

Response: AXS does not sell speculative tickets.

Question 5 b. Is your company's refund policy disclosed to the consumer during the transaction process? If yes, please explain what information is provided to consumers, how your company discloses this information to consumers, and at what point in the purchasing process this information is disclosed.

<u>Response</u>: Yes, AXS's refund policy is disclosed to the consumer by AXS's ticketing platforms during the transaction process. Prior to purchasing any ticket, the consumer is presented with the cost and a statement that by purchasing the ticket, the consumer agrees to the Purchase Agreement, which is provided to consumers and available at https://www.axs.com/about-purchase-agreement_US_v1.html. Additionally, the refund policy is available in the AXS Help Center at https://support.axs.com/hc/en-us/sections/200173115-Cancelled-Postponed-Relocated-Events.

Question 5 c. Please provide a copy of all policies related to ticket refunds.

<u>Response</u>: Copies of ticket refund-related policies and related disclosures to consumers with respect to primary market and resale ticket transactions tickets sold via AXS are available in the Purchase Agreement, https://www.axs.com/about-purchase-agreement_US_v1.html, and in the Help Center, https://support.axs.com/hc/en-us/sections/200173115-Cancelled-Postponed-Relocated-Events.

Question 6. Does your company sell ticket insurance, or contract with or otherwise permit a third-party to sell ticket insurance on your platform or website? If so, please explain the ticket insurance that your company offers, including whether the ticket insurance is a set price or calculated based on the cost of the ticket, and what the ticket insurance covers.

Response: AXS offers ticket insurance on AXS.com for both primary market and resale ticket

transactions through a third-party company for many events. Insurance costs vary, and are influenced by factors such as the price of the ticket and the number of tickets purchased. Ticket insurance provides coverage (i.e., a refund of the price paid) in the event that a consumer cannot attend an event for which they purchased tickets due to specified reasons such as illness, sudden medical emergencies, death of a family member or companion, accident, or mechanical issue en route to the event, or another covered event. Anyone who purchases ticket insurance has access to the terms, including what is considered a "covered event," prior to purchase. An example of such disclosure is included in the Appendix to Response to Question 6, attached hereto.

Question 9 a. Does your company disclose to the public the number of tickets sold in presale? If yes, when and how is this information conveyed to consumers?

<u>Response</u>: AXS does not disclose to the public the number of tickets sold in a presale. However, for concerts where a seating map is available, the map will display the total number of seats for which tickets are available at the time that a consumer is viewing the map. AXS discloses when presales are available to consumers via advertising, email announcements, and social media.

Question 9 c. Do tickets put on "hold" for an artist, venue, promoter, or other entity ever get released to the general public for purchase? If yes, when and how are consumers informed of the availability of these tickets?

<u>Response</u>: Yes, tickets put on "hold" often get released to the general public for purchase. Consumers may be informed by AXS or its ticketing partners, via advertising, emails or other communications (e.g., via social media) when additional tickets are released.

Question 10 b. At what point in the ticket purchasing process are consumers informed that tickets cannot be transferred or resold? Please explain where and how this information is communicated to the consumer.

<u>Response</u>: When transferability or resale is restricted for a particular event (as requested by the artist), the consumer is notified of any such restrictions during the purchase process, either within the purchase flow or in a pop-up message available within the flow. An example of such communications is included in the Appendix to Response to Question 10, attached hereto.

- Question 11. Does your company permit the sale of speculative tickets on your company's platform?
- Question 11 a. What disclosure does your company make to alert consumers of the speculative nature of the ticket and how and when in the purchase process is this disclosure made?
- Question 11 b. What actions has your company taken to address speculative tickets sold on your company's platform, including legal or other actions taken to enforce your company's speculative tickets policy?
- Question 11 c. In the past year, have any speculative tickets been sold on your company's platform(s)?
- Question 11 d. Please provide all policies related to the sale of speculative tickets on your company's platform.

Response: AXS does not permit the sale of speculative tickets on its ticketing platforms.

Question 12. Does your company work with, own, or operate any platform and/or website that make any representation of affiliation or endorsement to a venue, team, or artist, when in fact no formal affiliation or representation exists (also known as white-label websites)? If yes, please provide a list of these websites and explain:

Question 12 a. How your company coordinates with any such websites, including the sharing of technology and/or sales inventory.

Question 12 b. If and how your company notifies consumers that the website and/or platform is not endorsed or affiliated with the venue, team, or artist represented on your company's properties.

Question 12 c. For 2016, 2017, and 2018, what percentage of your company's total revenue is derived from white-label websites as that term is described above?

<u>Response</u>: AXS does not work with, own, or operate any platform or website that makes any representation of affiliation or endorsement to a venue, team, or artist, when in fact no formal affiliation or representation exists.

The submission of this information does not waive, nor is it intended to waive, any rights, privileges, or immunities of AEG with respect to this matter, including any applicable attorney-client, work product, or other privilege or immunity. Moreover, to the extent that non-responsive information has inadvertently been disclosed, AEG does not agree to any expansion in the scope of the Committee Letter. AEG expressly reserves any applicable privileges and immunities to which it is entitled under applicable law.

The responses in this letter may include confidential business information and sensitive details regarding AEG internal business practices, and should therefore be kept confidential. Because of the sensitive nature of this information, in the event that the Committee intends, during its inquiry into this matter, to disclose any AEG information contained in this letter to an agent, employee, or other person affiliated with any competitor, AEG requests that it be given one week advance notice in order to permit it to address the issue with the Committee. Similarly, in the event that the Committee intends to disclose any of this information in any public forum or to a third party who does not expressly agree to maintain the confidentiality of the information, AEG requests that it be given one week advance notice in order to permit it to address the issue with the Committee.

If you have any questions regarding the contents of this letter, please do not hesitate to contact AEG's outside counsel, Evans Rice or Aaron Cutler, at (202) 637-5600.

Respectfully submitted,

Dan Beckerman President & CEO

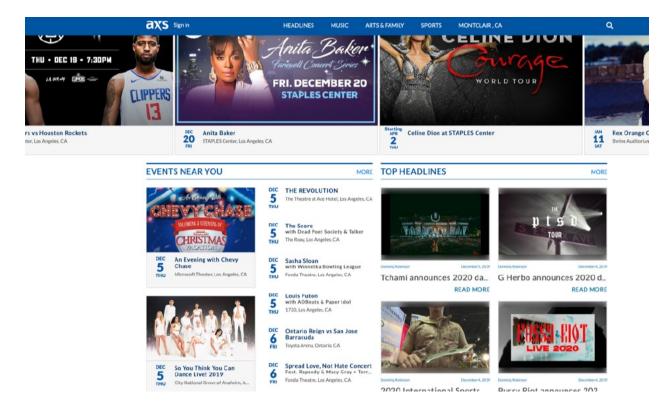
Anschutz Entertainment Group, Inc.

APPENDICES TO RESPONSES

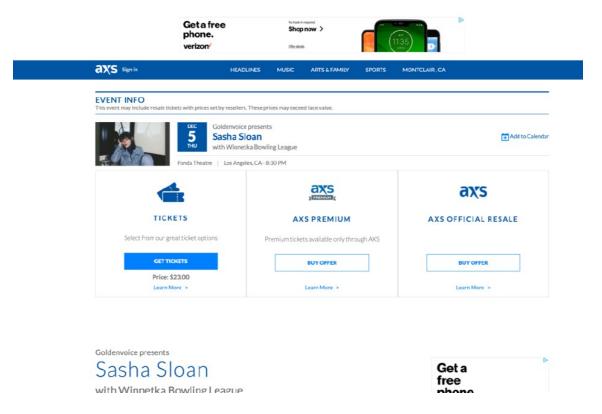
APPENDIX TO RESPONSE TO QUESTION 4

Primary Market Purchase Flow

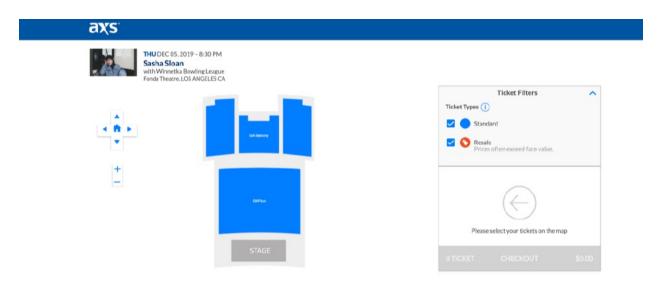
Home Page



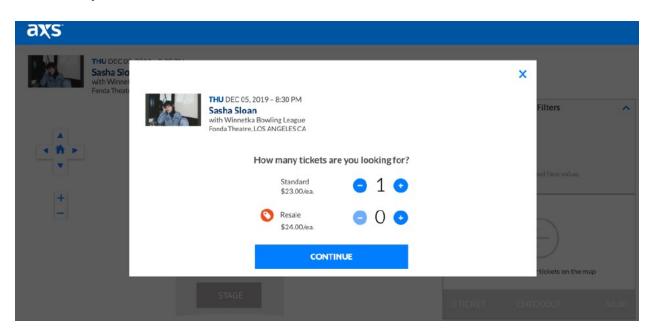
Event Detail



"Get Tickets"

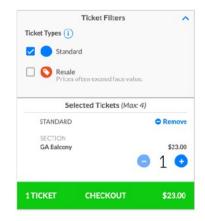


"GA Balcony"

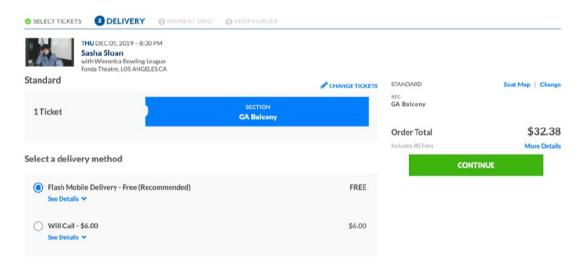


"Continue"

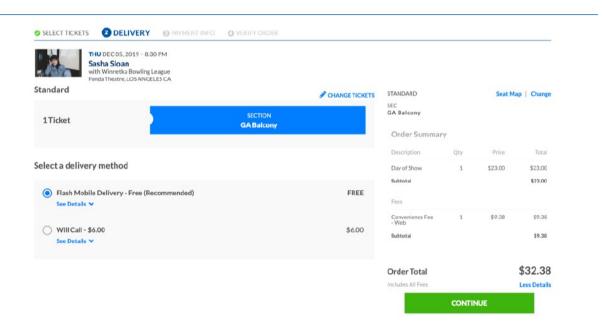




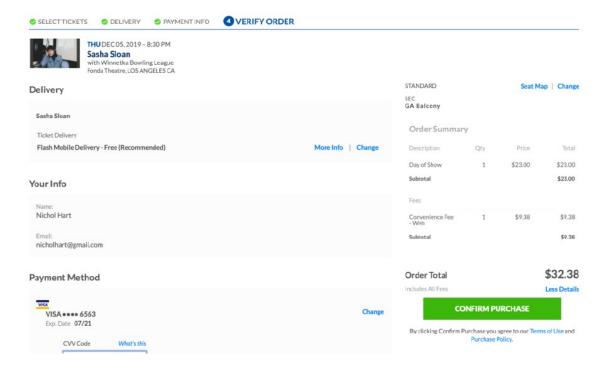
"Checkout"



"More Details"

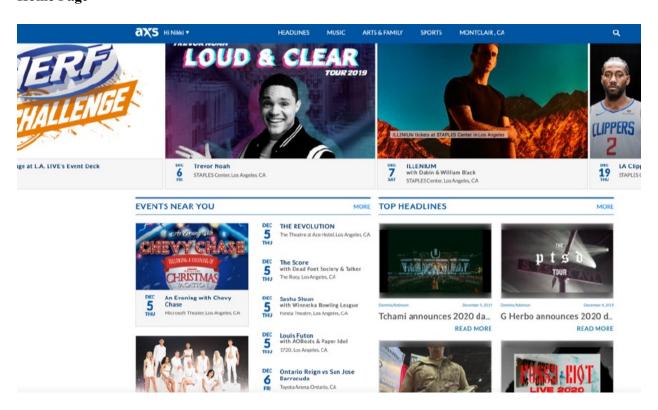


"Continue"

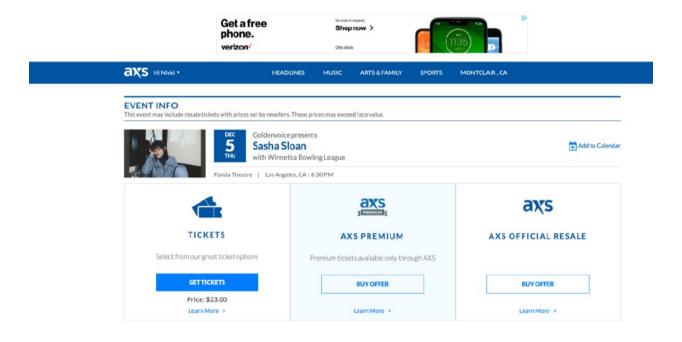


Secondary Market Purchase Flow

Home Page



Event Detail



"AXS Official Resale" - "Buy Offer"



"Continue"





1 Ticket (\$24.00 - \$60.00) Lowest Price		₹ Filter
		Highest Price
5 Results		
OFFICIAL RESALE		Instant Delivery
SEC	ROW	\$24.00/ea.
GABalcony	GA	+ Taxes & Fees
O OFFICIAL RESALE		Instant Delivery
SEC	ROW	\$25.00/ea.
GA Balcony	GA	+ Taxes & Fees
O OFFICIAL RESALE		Instant Delivery
SEC	ROW	\$29.99/ea.
GA Floor	GA	+ Taxes & Fees
O OFFICIAL RESALE		Instant Delivery
SEC	ROW	\$30.00/ea.
GAFloor	GA	+ Taxes & Fees
O OFFICIAL RESALE		Instant Delivery
SEC	ROW	\$60.00/ea.

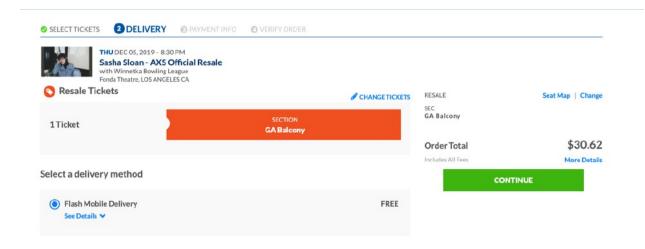
Select Ticket



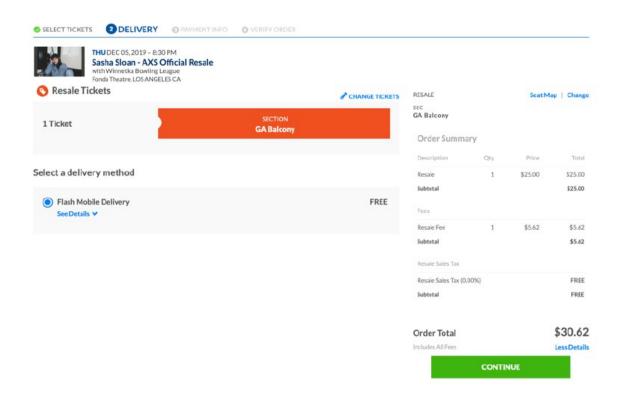


1 TICKET	CHECKOUT	\$25.00
GABalcony	GA	+ Taxes & Fees
SEC	ROW	\$25.00/ea.
OFFICIAL RESALE		Instant Delivery
< GoBack	Review Ticket	

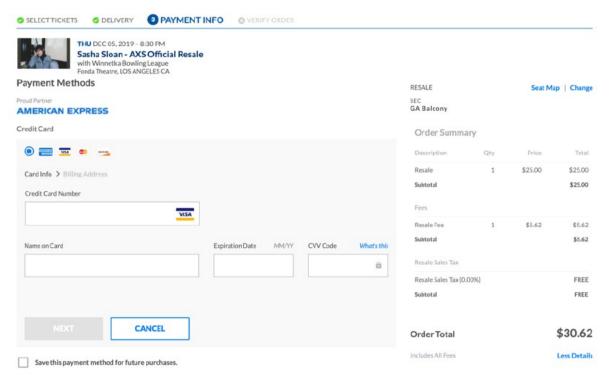
"Checkout"



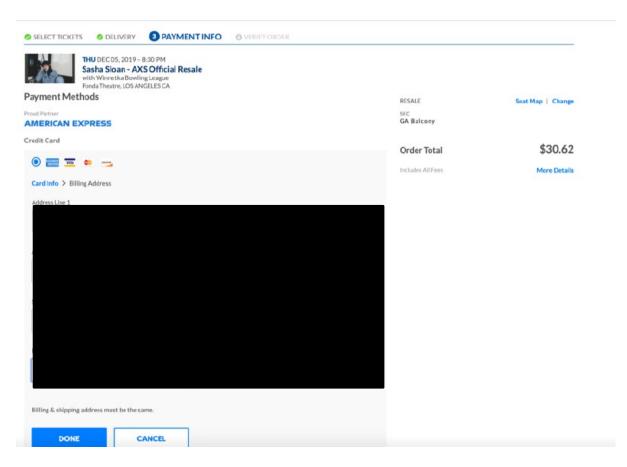
"More Detail"



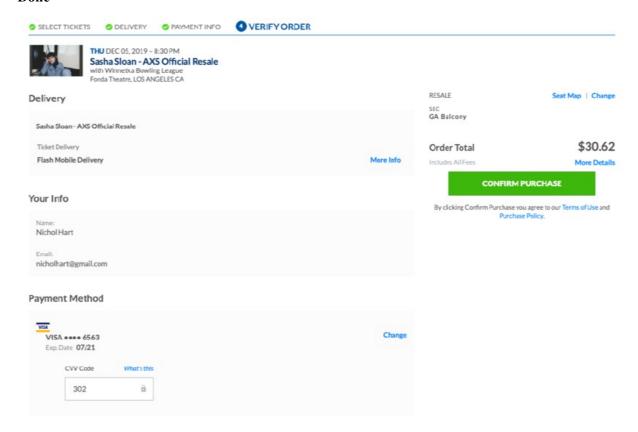
"Continue"



"Next"



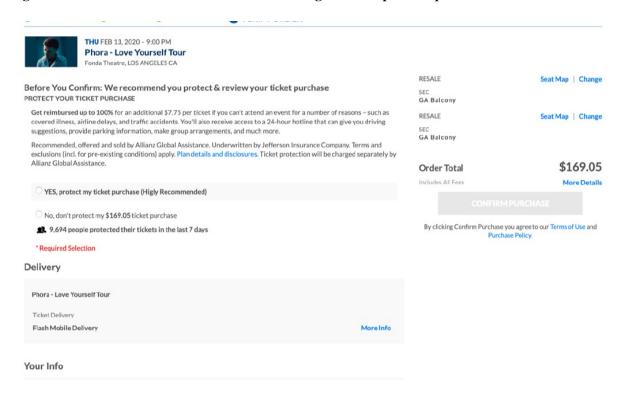
"Done"



APPENDIX TO RESPONSE TO QUESTION 6

Ticket Insurance Purchase Flow

After clicking through the event details, selecting a ticket, and deciding on a delivery method, a customer will click "Continue." At that point, prior to confirming the purchase, if the ticket is eligible for ticket insurance the consumer will be given the option to purchase insurance.



In order to confirm purchase, you must select "Yes" or "No" in response to the insurance offer.

"Plan details and disclosures"



Please Note: Click here if you are a resident of CO, MA, or NY.

Event Ticket Protector	
Benefits	Coverage (per person)
Ticket Cancellation Coverage V	Up to event cost (\$10,000 max.)
Viewer Advantage 🗸	Included
Pre-existing Medical Condition Exclusion Waiver	Available

+ Expand All

Minimum amount of ticket cancellation coverage is \$125.

Disclosures

Plans are subject to terms, conditions and exclusions. Plan charge includes the cost of insurance benefits and assistance services. See Plan and Pricing Details for more information, or call us at 800-284-8300.

By purchasing, you agree to Allianz Global Assistance's <u>Purchase Terms and Disclosures</u> and <u>Privacy Policy</u>, including receiving notices and communications electronically.

Your plan includes a waiver of the exclusion for pre-existing medical conditions if you meet the requirements listed in your plan; otherwise, the exclusion for pre-existing medical conditions will apply. All other terms, conditions, and exclusions apply. See Plan Details for more information.

OUR PROMISE TO YOU

Since your satisfaction is our priority, we are pleased to give you 10 days to review your plan. If, during this 10-day period, you are not completely satisfied for any reason, you may cancel your plan and receive a full refund. Please note that this refund is only available if you haven't started your event and if a claim has not been initiated. After this 10-day period, your premium is nonrefundable.*

* Some states allow a longer period or provide different terms for refunds. See the full terms and conditions of your plan for details.



Please Note: Click here if you are a resident of CO, MA, or NY.

Event Ticket Protector		
Benefits	Coverage (per person)	
Ticket Cancellation Coverage A	Up to event cost (\$10,000 max.)	
Provides reimbursement for non-refundable ticket payments a circumstances.	and deposits if you cannot attend due to covered illness, death or other specific unforeseer	
Viewer Advantage V	Included	
Pre-existing Medical Condition Exclusion Waiver	Available	

+ Expand All

Minimum amount of ticket cancellation coverage is \$125.

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Please Note: Click here if you are a resident of CO, MA, or NY.

Event Ticket Protector		
Benefits	Coverage (per person)	
Ticket Cancellation Coverage ▼	Up to event cost (\$10,000 max.)	
Yiewer Advantage ^	Included	
A broad range of services to help you 24 hours a day from ar message sent home or help dealing with a medical emergen	nywhere in the world, whether you need emergency cash, flight information, legal assistance, a cy.	
Pre-existing Medical Condition Exclusion Waiver ▼	Available	

+ Expand All

Minimum amount of ticket cancellation coverage is \$125.

Disclosures

Plans are subject to terms, conditions and exclusions. Plan charge includes the cost of insurance benefits and assistance services. See Plan and Pricing Details for more information, or call us at 800-284-8300.

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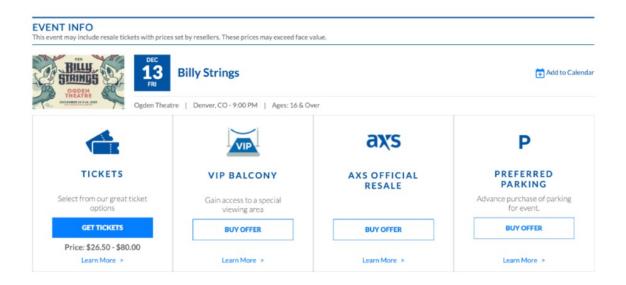
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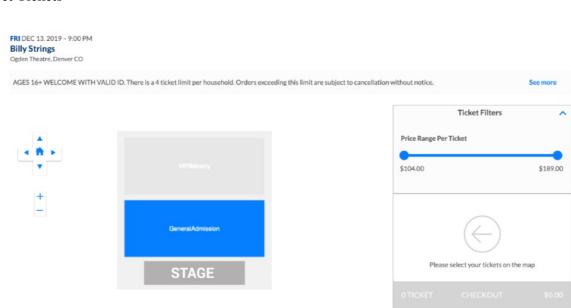
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APPENDIX TO RESPONSE TO QUESTION 10

Event Detail Page



"Get Tickets"



"See More"

